

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF CARO	County TUSCOLA
Fiscal Year End 6/30/07	Opinion Date 10/31/07	Date Audit Report Submitted to State 12/12/07	

We affirm that:

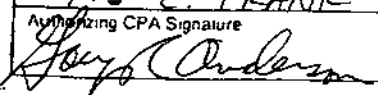
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Anderson, Tuckey, Reinhardt & Dunn, P.C.		Telephone Number 989-673-3137	
Street Address 715 E. FRANK ST.		City CARO	State Zip MI 48723
Authorizing CPA Signature 	Printed Name GARY R. ANDERSON		License Number 1101005446

VILLAGE OF CARO

REPORT ON FINANCIAL STATEMENTS
(With Additional Information)

June 30, 2007

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	I - VII
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
<i>Statement of Net Assets</i>	1
<i>Statement of Activities</i>	2
<i>Fund Financial Statements</i>	
<i>Balance Sheet - Governmental Funds</i>	3
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets</i>	4
<i>Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance</i>	5 & 6
<i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities</i>	7
<i>Statement of Net Assets - Proprietary Funds</i>	8
<i>Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds</i>	9
<i>Statement of Cash Flows - Proprietary Funds</i>	10
<i>Notes to the Financial Statements</i>	11 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule - General Fund</i>	23
<i>Budgetary Comparison Schedule - Major Street & Trunkline</i>	24
<i>Budgetary Comparison Schedule - Local Street Fund</i>	25
<i>Budgetary Comparison Schedule - Refuse/Sanitation Fund</i>	26
ADDITIONAL INFORMATION	
<i>Nonmajor Governmental Fund Types:</i>	
<i>Combining Balance Sheet</i>	27
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i>	28

TABLE OF CONTENTS (Continued)

	<u>PAGE NUMBER</u>
General Fund	
<i>Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual</i>	29
Special Revenue Funds	
<i>Combining Balance Sheet</i>	30 & 31
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i>	32 & 33
<i>Major Street and Trunkline Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	34
<i>Local Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	35
<i>Municipal Street Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	36
<i>Refuse/Sanitation Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	37
<i>Drug Forfeiture Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	38
<i>Fire Fund - Statement of Revenues, Expenditures and Changes in Fund Balance</i>	39
Debt Service Fund	
<i>Statement of Revenues, Expenditures and Changes in Fund Balances</i>	40
Governmental Component Units	
<i>Balance Sheet</i>	41
<i>Statement of Revenue, Expenditures and Change in Fund Balance</i>	42
<i>General Fund - Schedule of Revenue</i>	43
<i>General Fund - Schedule of Expenditures</i>	44 - 47
<i>Water Fund - Comparative Statements of Revenue, Expenses and Change in Net Assets</i>	48
<i>Sewage Disposal Fund - Comparative Statements of Revenue, Expenses and Change in Net Assets</i>	49
<i>Major Street and Trunkline and Local Street Funds – Schedule of Expenditures</i>	50 & 51
<i>Pension Plan - Required Supplemental Information</i>	52

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

October 31, 2007

REPORT OF INDEPENDENT AUDITORS

Honorable Village Council
Village of Caro
Caro, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Caro, as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the primary government of Village of Caro, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages I through VII and budgetary comparison information on pages 23 - 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Caro's basic financial statements. The additional information on pages 27 and thereafter is presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

715 East Frank Street, Caro, MI 48723-1647 • 989/673-3137 • 800-234-8829 • Fax 989/673-3375

6261 Church Street, Cass City, MI 48726-1111 • 989/872-3730 • Fax 989/872-3978

E mail cpa@atbdcpa.com Website www.atbdcpa.com

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Our discussion and analysis of the Village of Caro's financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Village's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2007:

- The fund balance in the General Fund increased from \$805,071 to \$1,839,441. This increase was a result of the sale of buildings.
- State-shared revenue, the Village's second largest General Fund revenue source, was reduced by the State of Michigan by \$4,664 representing a 1.06% decrease from the prior fiscal year. However, the \$434,953 received from the State of Michigan was below the budgeted projection by \$10,047.
- The Sewer Fund's WWTP Improvement project was just started as of June 30, 2007. The cost of the project is expected to be \$7,730,000. This is being financed through the issuance of bonds through Tuscola County. The bonds are expected to have an interest rate of 1.625%.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The Village as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2007:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Current assets	\$3,374,094	\$ 1,119,475	\$ 154,159	\$ 4,647,728
Noncurrent assets	9,714,001	13,426,952	1,759,008	24,899,961
Total assets	13,088,095	14,546,427	1,913,167	29,547,689
Current liabilities	85,981	368,830	84,516	539,327
Long-term liabilities	137,662	2,852,323	655,809	3,645,794
Total liabilities	223,643	3,221,153	740,325	4,185,121
Net assets:				
Invested in capital assets -				
Net of related debt	9,623,464	9,523,700	1,019,959	20,167,123
Restricted	335	0	0	335
Unrestricted (deficit)	3,240,653	1,801,574	152,883	5,195,110
Total net assets	<u>\$12,864,452</u>	<u>\$11,325,274</u>	<u>\$1,172,842</u>	<u>\$25,362,568</u>

The Village's combined net assets increased from \$22,465,533 a year ago to \$25,362,568.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations ended the fiscal year with a balance of \$3,240,653 in the governmental activities.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows, in a condensed format, the net assets as of June 30, 2006 were:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Current assets	\$ 2,072,051	\$ 923,611	\$ 111,022	\$ 3,106,684
Noncurrent assets	<u>11,033,282</u>	<u>11,371,863</u>	<u>1,824,149</u>	<u>24,229,294</u>
Total assets	<u>13,105,333</u>	<u>12,295,474</u>	<u>1,935,171</u>	<u>27,335,978</u>
Current liabilities	424,503	631,865	83,995	1,140,363
Long-term liabilities	<u>157,273</u>	<u>2,842,174</u>	<u>730,635</u>	<u>3,730,082</u>
Total liabilities	<u>581,776</u>	<u>3,474,039</u>	<u>814,630</u>	<u>4,870,445</u>
Net assets:				
Invested in capital assets -				
Net of related debt	10,927,845	7,820,445	1,010,343	19,758,633
Contributed capital	92,286	-	-	92,286
Restricted	325	-	-	325
Unrestricted (deficit)	<u>1,503,101</u>	<u>1,000,990</u>	<u>110,198</u>	<u>2,614,289</u>
Total net assets	<u>\$12,523,557</u>	<u>\$8,821,435</u>	<u>\$1,120,541</u>	<u>\$22,465,533</u>

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets for the year ended June 30, 2007:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Net Assets - Beginning of year	\$12,523,557	\$8,821,435	\$1,120,541	\$22,465,533
Revenue				
Program revenue:				
Charges for services	915,739	1,486,637	23,600	2,425,976
Operating grants and contributions	18,132	0		18,132
Capital grants and contributions		2,512,846		2,512,846
General revenue:				
Property taxes	1,502,248		215,314	1,717,562
Intergovernmental revenue	796,113			796,113
Investment earnings	75,580	49,171		124,751
Sale of assets	(69,518)			(69,518)
Miscellaneous	99,420	29,228	18,420	147,068
Net transfers	34,310		(34,310)	0
Total revenue	3,372,024	4,077,882	223,024	7,672,930
Program Expenses				
General government	377,156			377,156
Road maintenance and repair	434,467			434,467
Health and sanitation	388,747			388,747
Public safety	1,052,777			1,052,777
Public works	221,687	1,574,043		1,795,730
Culture and recreation	180,654			180,654
Community development	35,366		170,723	206,089
Depreciation	303,922			303,922
Interest on long-term debt	36,353			36,353
Total expenses	3,031,129	1,574,043	170,723	4,775,895
Change in Net Assets	340,895	2,503,839	52,301	2,897,035
Net Assets - End of Year	\$12,864,452	\$11,325,274	\$1,172,842	\$25,362,568

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets for the year ended June 30, 2006:

	Governmental Activities	Business-Type Activities	Component Unit	Total
Net Assets - Beginning of year	\$10,801,734	\$8,461,995	\$1,047,540	\$20,311,269
Revenue				
Program revenue:				
Charges for services	954,812	1,419,669	23,600	2,398,081
Operating grants and contributions	731,514	-	0	731,514
Capital grants and contributions		96,780		96,780
General revenue:				
Property taxes	1,426,266	-	198,295	1,624,561
Intergovernmental revenue	1,131,503	-	-	1,131,503
Investment earnings	50,220	35,340	-	85,560
Miscellaneous	120,764	36,220	14,102	171,086
Net transfers	37,130	-	(37,130)	-
Total revenue	4,452,209	1,588,009	198,867	6,239,085
Program Expenses				
General government	355,170			355,170
Road maintenance and repair	326,927			326,927
Health and sanitation	361,174			361,174
Public safety	1,020,861			1,020,861
Public works	177,412	1,228,569		1,405,981
Culture and recreation	123,061			123,061
Community development	30,090		125,866	155,956
Depreciation	291,487			291,487
Interest on long-term debt	44,204			44,204
Total expenses	2,730,386	1,228,569	125,866	4,084,821
Change in Net Assets	1,721,823	359,440	73,001	2,154,264
Net Assets - End of Year	\$12,523,557	\$8,821,435	\$1,120,541	\$22,465,533

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Business-type Activities

The Village's business-type activities consist of the Water and Sewer Funds. The Village provides water to residents from seven ground water wells. Sewage treatment is provided through a Village-owned and operated sewage treatment plant.

The Water Fund had a net income of \$98,915, and its cash flow decreased by \$125,322. Revenues for the fund were up about 2.2%

The Sewer Fund had a net loss of \$(107,922) on revenues of \$683,599. Revenues were up about 6.6%. Cash flow for the Sewer Fund increased by \$123,662. During the year, the sewer fund received a S2 Grant for \$437,665 for the engineering phase of the WWTP Improvements. At June 30, 2007, the Village had spent \$83,931 of the \$7,730,000 planned on WWTP Improvements.

The Village's Funds

Our analysis of the Village's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for the current year include the General, Major Street and Trunkline, Local Street and Refuse Funds.

The General Fund pays for most of the Village's governmental services. The most significant are Public Safety and Public Works and Recreation, which incurred expenses of approximately \$1.2 million in the current fiscal year. These costs and the remaining \$400,000 cost of the other General Fund departments are funded by real and personal property taxes other general revenue sources of the General Fund.

General Fund Budgetary Highlights

Overall, revenues in the General Fund were more than the budget by \$958,608. This is primarily due to the sale of a building not being budgeted.

Village departmental expenses in the General Fund overall spent more than budget projections by \$8,641.

VILLAGE OF CARO, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

As of June 30, 2007, the Village had a total of approximately \$24.9 million (net of depreciation) invested in a broad range of capital assets, including roads, buildings, equipment, and water and sewer lines.

Debt service makes up approximately 4.2% of the total governmental expenditures. Bonded and other long-term obligations decreased by \$50,465 for all funds.

More detailed information concerning capital assets and long-term debt can be found in Notes 4 and 7, respectively, in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The WWTP Improvement project will cost in excess of \$7 million and will be financed through the issuance of bonds. The interest rate will be 1.625%.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village's office.

BASIC FINANCIAL STATEMENTS

VILLAGE OF CARO
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Reporting Entity	
	Governmental Activities	Business-type Activities	Total	Component Unit	Totals
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 2,710,281	\$ 1,067,600	\$ 3,777,881	\$ 153,284	\$ 3,931,165
Receivables (net)	157,251	212,839	370,090	875	370,965
Internal balances	212,900	(212,900)	-		-
Inventories		36,394	36,394		36,394
Prepaid interest		15,542	15,542		15,542
Prepaid expenses	37,062		37,062		37,062
Land contract receivable	256,600		256,600		256,600
Total current assets	3,374,094	1,119,475	4,493,569	154,159	4,647,728
Noncurrent assets:					
Capital assets, net of depreciation	4,467,500	12,587,159	17,054,659	1,113,744	18,168,403
Land	456,051	118,436	574,487	283,413	857,900
Land improvements, net of depreciation	4,790,450		4,790,450	361,851	5,152,301
Construction in progress	-	721,357	721,357	-	721,357
Total noncurrent assets	9,714,001	13,426,952	23,140,953	1,759,008	24,899,961
TOTAL ASSETS	\$ 13,088,095	\$ 14,546,427	\$ 27,634,522	\$ 1,913,167	\$ 29,547,689
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable, accrued & other liabilities	\$ 57,727	\$ 39,258	\$ 96,985	\$ 1,276	\$ 98,261
Accrued interest payable	450	19,726	20,176	8,414	28,590
Deferred revenue	7,804	-	7,804	-	7,804
Current maturities of long-term debt	20,000	309,846	329,846	74,826	404,672
Total current liabilities	85,981	368,830	454,811	84,516	539,327
Noncurrent liabilities:					
Noncurrent portion of long-term debt	70,087	2,852,323	2,922,410	655,809	3,578,219
Accumulated compensated absences	67,575		67,575		67,575
Total noncurrent liabilities	137,662	2,852,323	2,989,985	655,809	3,645,794
TOTAL LIABILITIES	223,643	3,221,153	3,444,796	740,325	4,185,121
NET ASSETS					
Invested in capital assets, net of related debt	9,623,464	9,523,700	19,147,164	1,019,959	20,167,123
Restricted for:					
Capital projects			-		-
Debt service	335		335		335
Unrestricted	3,240,653	1,801,574	5,042,227	152,883	5,195,110
TOTAL NET ASSETS	12,864,452	11,325,274	24,189,726	1,172,842	25,362,568
TOTAL LIABILITIES AND NET ASSETS	\$ 13,088,095	\$ 14,546,427	\$ 27,634,522	\$ 1,913,167	\$ 29,547,689

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues			Net (Expenses) Revenues			Reporting Entity
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit	
				Governmental Activities	Business-type Activities		
Primary Government	Expenses						Totals
Governmental activities:							
General government	\$ 377,156	\$ 146,086		\$ (231,070)	-	\$ (231,070)	\$ (231,070)
Road maintenance and repair	434,467		\$ 18,132	(416,335)	-	(416,335)	(416,335)
Health and sanitation	388,747	339,370		(48,777)	-	(48,777)	(48,777)
Public safety	1,052,777	429,683		(623,094)	-	(623,094)	(623,094)
Public works	221,687	-		(221,687)	-	(221,687)	(221,687)
Culture and recreation	180,654	-		(180,654)	-	(180,654)	(180,654)
Community development	35,366			(35,366)	-	(35,366)	(35,366)
Depreciation	303,922			(303,922)	-	(303,922)	(303,922)
Interest on long-term debt	36,353			(36,353)	-	(36,353)	(36,353)
Total governmental activities	3,031,129	915,739	18,132	(2,097,258)	-	(2,097,258)	(2,097,258)
Business-type activities:							
Water	764,384	828,774	\$ 4,000		\$ 68,390	68,390	68,390
Sewage disposal	809,659	657,863	2,508,846		2,357,050	2,357,050	2,357,050
Total primary government	4,605,172	2,402,376	\$ 2,512,846	(2,097,258)	2,425,440	328,182	328,182
Component unit							
Downtown Development Authority	\$ 170,723	\$ 23,600	\$ -			\$ (147,123)	(147,123)
General revenues:							
Taxes:							
Property taxes, levied for general purposes							
1,094,488							
Property taxes, levied for streets and sanitation purposes							
407,760							
Intergovernmental revenue							
796,113							
Investment earnings							
49,171							
Sale of assets							
(69,518)							
Miscellaneous							
99,420							
Net transfers							
34,310							
Total general revenues and transfers							
2,438,153							
78,399							
2,516,552							
Change in net assets							
340,895							
2,503,839							
2,844,734							
Net assets - beginning							
12,523,557							
8,821,435							
21,344,992							
Net assets - ending							
\$ 12,864,452							
\$ 11,325,274							
\$ 24,189,726							
\$ 25,362,568							

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	<u>GENERAL</u>	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>REFUSE/ SANITATION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 1,606,837	\$ 211,023	\$ 73,776	\$ 138,916	\$ 285,306	\$ 2,315,858
Accounts receivable	60,661	30,865	13,357	32,340	4,544	141,767
Taxes receivable	7,805	-	-	233	1,580	9,618
Due from other funds	164,000			-	-	164,000
Prepaid expenses	37,062					37,062
Notes receivable	14,916					14,916
Allowance for uncollectible accounts	(9,050)					(9,050)
TOTAL ASSETS	<u>\$ 1,882,231</u>	<u>\$ 241,888</u>	<u>\$ 87,133</u>	<u>\$ 171,489</u>	<u>\$ 291,430</u>	<u>\$ 2,674,171</u>
<u>LIABILITIES & FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 9,122	\$ 2,029	\$ 1,012	\$ 34	\$ 595	\$ 12,792
Accrued salaries & wages	25,864	1,273	2,331	754	2,365	32,587
Due to other funds					-	-
Deferred revenue	7,804				-	7,804
Total Liabilities	<u>42,790</u>	<u>3,302</u>	<u>3,343</u>	<u>788</u>	<u>2,960</u>	<u>53,183</u>
Fund Balances:						
Reserved for:						
Debt service					335	335
Unreserved, reported in:						
General fund	1,677,882					1,677,882
Designated for community promotion	161,559					161,559
Special revenue funds		238,586	83,790	170,701	288,135	781,213
Total Fund Balances	<u>1,839,441</u>	<u>238,586</u>	<u>83,790</u>	<u>170,701</u>	<u>288,470</u>	<u>2,620,988</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,882,231</u>	<u>\$ 241,888</u>	<u>\$ 87,133</u>	<u>\$ 171,489</u>	<u>\$ 291,430</u>	<u>\$ 2,674,171</u>

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2007

	Modified Accrual Basis	Reconciling Items			Full Accrual Basis
	TOTAL GOVERNMENTAL FUNDS	CAPITAL ASSETS & LONG TERM DEBT	COMPENSATED ABSENCES	INTERNAL SERVICE FUNDS	TOTAL
<u>ASSETS</u>					
Cash	\$ 2,315,858			\$ 394,423	\$ 2,710,281
Accounts receivable	141,767				141,767
Taxes receivable	9,618				9,618
Notes receivable	14,916				14,916
Allowance for uncollectible accounts	(9,050)				(9,050)
Due from other funds	164,000			48,900	212,900
Prepaid expenses	37,062				37,062
Land contract receivable		\$ 256,600			256,600
Total Current Assets	2,674,171	256,600	-	443,323	3,374,094
Construction in progress		-			-
Capital assets:					
Land		456,051			456,051
Land improvements		4,790,915			4,790,915
Depreciable capital assets		5,816,197		1,006,754	6,822,951
Less: Accumulated Depreciation		(1,646,862)		(709,054)	(2,355,916)
Total Non-Current Assets	-	9,416,301	-	297,700	9,714,001
TOTAL ASSETS	\$ 2,674,171	\$ 9,672,901	\$ -	\$ 741,023	\$ 13,088,095
<u>LIABILITIES & FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 12,792			\$ 11,198	\$ 23,990
Accrued salaries & wages	32,587			1,150	33,737
Accrued interest payable		\$ 450			450
Due to other funds	-				-
Current maturities of long-term debt		20,000			20,000
Deferred revenue	7,804				7,804
Bonds payable - long term		70,087			70,087
Notes payable - long-term		-			-
Accumulated compensated absences			\$ 67,575		67,575
Total Liabilities	53,183	90,537	67,575	12,348	223,643
Fund Balances:					
Reserved for:					
Debt service	335				335
Unreserved	2,620,654	9,582,364	(67,575)	728,675	12,864,118
Total Fund Balances/Net Assets	2,620,988	9,582,364	(67,575)	728,675	12,864,452
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,674,171	\$ 9,672,901	\$ -	\$ 741,023	\$ 13,088,095

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	GENERAL	MAJOR STREET & TRUNKLINE	LOCAL STREET	REFUSE/ SANITATION
REVENUES:				
Taxes	\$ 1,094,488	\$ 89,633	\$ 44,590	\$ 42,340
Licenses & permits	3,768			
Intergovernmental revenue:				
Federal	-	-	-	-
State	500,481	232,440	81,344	-
Charges for services	149,737	-	-	339,970
Fines & forfeitures	4,200			
Miscellaneous	90,199	7,155	14,664	8,168
TOTAL REVENUE	1,842,853	329,228	140,598	390,478
EXPENDITURES:				
Legislative	17,794			
Elections	137			
Executive	117,972			
Treasurer	63,243			
Industrial Park	11,991			
Village buildings & grounds	104,170			
Historical Center	27,979			
Police department	716,533			
Planning & zoning	33,481			
Fire dept.				
Public works department	221,687			
Refuse department				388,747
Recreation department	266,989			
Community promotion	35,366			
Streets		192,610	204,022	
Miscellaneous				
Debt Service:				
Principal	-			
Interest	-			
TOTAL EXPENDITURES	1,617,342	192,610	204,022	388,747
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	225,511	136,618	(63,424)	1,731
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Sale of assets	880,635			
Operating transfers in	-	-	125,000	-
Operating transfers out	(71,776)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	808,859	-	125,000	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	1,034,370	136,618	61,576	1,731
FUND BALANCE - JULY 1	805,071	101,968	22,214	168,970
FUND BALANCE - JUNE 30	\$ 1,839,441	\$ 238,586	\$ 83,790	\$ 170,701

The accompanying footnotes are an integral part of the financial statements.

OTHER GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY)		TOTALS (MEMORANDUM ONLY)	
	PRIMARY GOVERNMENT	COMPONENT UNITS	JUNE 30, 2007	
\$ 231,197	\$ 1,502,248	\$ 215,314	\$ 1,717,562	
	3,768		3,768	
	-		-	
	-		-	
	814,245	23,600	837,845	
91,249	580,956		580,956	
	4,200		4,200	
46,846	167,032	18,420	185,452	
369,292	3,072,449	257,334	3,329,783	
	17,794	-	17,794	
	137	-	137	
	117,972	-	117,972	
	63,243	-	63,243	
	11,991	-	11,991	
	104,170	-	104,170	
	27,979	-	27,979	
	716,533	-	716,533	
	33,481	-	33,481	
176,375	176,375	-	176,375	
	221,687	-	221,687	
	388,747	-	388,747	
	266,989	-	266,989	
	35,366	-	35,366	
72,111	468,743	-	468,743	
234	234	110,339	110,573	
85,000	85,000	-	85,000	
36,253	36,253	-	36,253	
369,973	2,772,694	110,339	2,883,033	
(681)	299,755	146,995	446,750	
-	-	-	-	
	880,635	-	880,635	
193,029	318,029	-	318,029	
(141,943)	(213,719)	(104,310)	(318,029)	
51,086	984,945	(104,310)	880,635	
50,405	1,284,700	42,685	1,327,385	
238,065	1,336,288	110,198	1,446,486	
\$ 288,470	\$ 2,620,988	\$ 152,883	\$ 2,773,871	

VILLAGE OF CARO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$ 1,284,700
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense	
Depreciation expense	(303,922)
Capital outlay	191,394
Net book value of assets disposed of	(1,206,753)
Assets sold on a land contract are recorded in the statement of activities when the sale occurs, but are recorded in the governmental funds as the revenue is received.	
Balance of land contract receivable at 6/30/07	256,600
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets, however, a reduction of the debt increases net assets.	
Principal paid on long-term debt	15,000
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable at the beginning of the year	350
Accrued interest payable at the end of the year	(450)
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued absences at the beginning of the year	67,186
Accrued absences at the end of the year	(67,575)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
	<u>104,365</u>
Change in net assets of governmental activities	<u>\$ 340,895</u>

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	<u>WATER</u>	<u>SEWAGE DISPOSAL</u>	<u>TOTALS CURRENT YEAR</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 641,930	\$ 425,670	\$ 1,067,600	\$ 394,423
Accounts receivable - net	79,825	133,014	212,839	
Due from other funds	-		-	48,900
Inventories	32,651	3,743	36,394	
Prepaid interest	15,542		15,542	
Special assessments receivable	-		-	
Fixed assets	6,971,696	12,928,788	19,900,484	1,006,754
Less accumulated depreciation & amortization	(1,851,208)	(5,343,681)	(7,194,889)	(709,054)
Construction in progress	-	721,357	721,357	
<u>TOTAL ASSETS</u>	<u>\$ 5,890,436</u>	<u>\$ 8,868,891</u>	<u>\$ 14,759,327</u>	<u>\$ 741,023</u>
<u>LIABILITIES & NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 459	\$ 19,274	\$ 19,733	\$ 11,198
Customer deposits payable	5,500		5,500	
Accrued salaries & wages	5,050	8,975	14,025	1,150
Due to other funds	-	212,900	212,900	
Current maturities of long-term debt	211,566	98,280	309,846	
Accrued interest payable	10,653	9,073	19,726	
Revenue bonds payable - long-term	2,302,472	549,851	2,852,323	
Total Liabilities	2,535,700	898,353	3,434,053	12,348
Net Assets:				
Invested in capital assets, net of related debt	2,595,797	6,927,903	9,523,700	297,700
Unrestricted	758,939	1,042,635	1,801,574	430,975
Total Net Assets	3,354,736	7,970,538	11,325,274	728,675
<u>TOTAL LIABILITIES & NET ASSETS</u>	<u>\$ 5,890,436</u>	<u>\$ 8,868,891</u>	<u>\$ 14,759,327</u>	<u>\$ 741,023</u>

The accompanying footnotes are an integral part of the financial statements.

VILLAGE OF CARO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	WATER	SEWAGE DISPOSAL	TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
OPERATING REVENUE:				
Water & sewer system sales	\$ 811,344	\$ 647,995	\$ 1,459,339	
Equipment rent			-	\$ 318,593
Other services, charges & sales	17,430	9,868	27,298	
Interest & penalties	5,835	-	5,835	13,928
Miscellaneous	3,492	25,736	29,228	2,262
TOTAL OPERATING REVENUE	838,101	683,599	1,521,700	334,783
OPERATING EXPENSES:				
Salaries & wages	136,348	186,555	322,903	50,179
Payroll taxes	10,046	13,326	23,372	3,793
Fringe benefits	37,960	52,331	90,291	16,989
Operating supplies	39,663	67,468	107,131	50,123
General fund administrative	10,000	-	10,000	30,000
Contracted services	81,859	64,210	146,069	10,942
Telephone	1,526	4,193	5,719	611
Insurance	19,240	28,309	47,549	11,080
Heat, light & power	104,894	122,101	226,995	31,320
Depreciation & amortization	214,739	208,469	423,208	74,633
Equipment rental	31,732	2,706	34,438	-
Other	10,813	35,608	46,421	2,716
TOTAL OPERATING EXPENSES	698,820	785,276	1,484,096	282,386
OPERATING INCOME (LOSS)	139,281	(101,677)	37,604	52,397
NON-OPERATING REVENUE (EXPENSES)				
Interest earned	25,198	18,138	43,336	
Interest expense	(65,278)	(24,383)	(89,661)	
Loss on disposal of assets	(286)		(286)	
TOTAL NON-OPERATING REVENUE (EXPENSES)	(40,366)	(6,245)	(46,611)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	98,915	(107,922)	(9,007)	52,397
TRANSFERS IN	-	-	-	-
CONTRIBUTED CAPITAL	4,000	2,508,846	2,512,846	-
CHANGE IN NET ASSETS	102,915	2,400,924	2,503,839	52,397
TOTAL NET ASSETS - JULY 1	3,251,821	5,569,614	8,821,435	676,278
TOTAL NET ASSETS - JUNE 30	\$ 3,354,736	\$ 7,970,538	\$ 11,325,274	\$ 728,675

VILLAGE OF CARO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007

	<u>WATER</u>	<u>SEWAGE DISPOSAL</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 98,915	\$ (107,922)	\$ (9,007)	\$ 52,397
ADJUSTMENT TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and Amortization	214,739	208,469	423,208	74,633
CHANGE IN CURRENT ASSETS AND LIABILITIES:				
(Increase) decrease in accounts receivable	(9,286)	(46,009)	(55,295)	-
(Increase) decrease in due from other funds			-	75,000
Increase (decrease) in accounts payable	(280,010)	(13,994)	(294,004)	(18,501)
Increase (decrease) in accrued expenses	251	2,301	2,552	(509)
Increase (decrease) in accrued interest payable	-	-	-	
Increase (decrease) in customer deposits payable	(300)		(300)	
Increase (decrease) in due to other funds		(150,000)	(150,000)	
(Increase) decrease in construction in progress	-	(312,968)	(312,968)	
(Increase) decrease in prepaid assets	7,771	-	7,771	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>32,080</u>	<u>(420,123)</u>	<u>(388,043)</u>	<u>183,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(203,662)	(71,475)	(275,137)	(22,665)
Contributed capital	4,000	607,473	611,473	-
Disposal of equipment	3,605	-	3,605	-
(Increase) decrease in bond closing costs		7,576	7,576	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(196,057)</u>	<u>543,574</u>	<u>347,517</u>	<u>(22,665)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Loan proceeds	236,064	83,931	319,995	-
Principal payment of long-term debt	(197,409)	(83,720)	(281,129)	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>38,655</u>	<u>211</u>	<u>38,866</u>	<u>-</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	<u>(125,322)</u>	<u>123,662</u>	<u>(1,660)</u>	<u>160,355</u>
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>767,252</u>	<u>302,008</u>	<u>1,069,260</u>	<u>234,068</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 641,930</u>	<u>\$ 425,670</u>	<u>\$ 1,067,600</u>	<u>\$ 394,423</u>

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Caro (the Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Caro.

DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES:

The Village of Caro is governed by an elected council with a village manager overseeing daily operations. The Village provides various services to its residents including law enforcement, fire protection, community enrichment and human services. The component units discussed below are included in the Village's financial reporting entity because of the significance of their operational or financial relationships with the Village.

REPORTING ENTITY:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" (as amended by GASB No. 39), these financial statements present the Village of Caro (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. The following is a description of the component units:

Discretely Presented Component Units:

The component unit columns in the combined financial statements include the financial data of the Downtown Development Authority. These financial statements are reported on pages 41 and 42 to emphasize that they are legally separate from the Village.

The Downtown Development Authority of the Village of Caro is an Authority created pursuant to Public Act 197 of 1975. The purpose of the Authority is to analyze the impact of economic changes and growth in the Downtown District and develop plans to promote orderly economic growth in the "Downtown Development District."

Blended Component Unit Reported with the Primary Government:

The Building Authority of the Village of Caro was created pursuant to the provisions of Act 31, Public Acts of Michigan of 1948, as amended, for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining buildings, automobile parking lots or structures and recreational facilities for use for any legitimate public purpose of the Village.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Village of Caro. There are six major funds reported on the government-wide financial statements.

The Statement of Net Assets presents the Village's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenditures for governmental fund types include any authorized amendments to the original budget as adopted.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Village does not utilize encumbrance accounting.

CASH AND CASH EQUIVALENTS:

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Village to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

RECEIVABLES:

Receivables consist primarily of amounts for intergovernmental revenue and customer charges. An allowance for doubtful accounts has been established in those funds where it was determined to be necessary. Credit risk is minimal because of the large number of customers and the authority of the Village to add receivables to the tax rolls that are secured by the underlying property.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet.

PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1. Taxes are levied on July 1 and are due in September. The Village bills and collects its own property taxes. Village tax revenues are recognized in the year of levy.

PREPAID ITEMS:

Payments made to vendors, generally for services, that will benefit beyond June 30, 2007, are recorded as prepaid items. A reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

INVENTORIES (ENTERPRISE FUNDS ONLY):

Inventories are stated at the lower of cost or market determined on the first-in, first-out (FIFO) method.

RESTRICTED ASSETS:

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

CAPITAL ASSETS:

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Village of Caro as assets with initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Any donated assets are recorded at estimated fair market value at the date of donation.

DEPRECIATION:

Depreciation expense amounted to \$794,586 for the year ended June 30, 2007. Depreciation is computed using the straight-line method. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Land/Land Improvements	0 - 50
Buildings	0 - 50
Bridges	0
Meters	3 - 20
Storm/Sewer lines	30 - 67
Sidewalks/Trailways	30
Water lines	0
Source of Supply	6 - 50
Motor Vehicles & Related Equipment	3 - 10
Machinery & Equipment	5 - 20
Roads	20
Parking lots	0
Traffic Signals	5

COMPENSATED ABSENCES:

It is the Village's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Village's service. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. A liability has been recorded in the Statement of Net Assets.

ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, therefore, does not present consolidated information.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS:

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to June 30 of each year, a proposed budget is submitted to the Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund and special revenue funds.
6. Budgets for general, special revenue and debt service funds are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. Violations, if any, are disclosed in the required supplementary information section.

NOTE 3 - NOTES RECEIVABLE:

GENERAL FUND:

Notes receivable to the general fund consisted of and had the following provisions:

Note receivable from the Tuscola Area Airport Authority, interest is at 2.5%. \$14,916

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - RECEIVABLES:

Receivables at June 30, 2007 consist of the following:

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>ENTERPRISE</u>	<u>TOTAL</u>
Receivables:				
Accounts	\$60,661	\$81,106	\$247,097	\$388,864
Taxes	7,805	1,813	-	9,618
Notes	14,916			14,916
Allowance for Uncollectibles	<u>(9,050)</u>	<u> </u>	<u>(34,258)</u>	<u>(43,308)</u>
TOTAL RECEIVABLES	<u>\$74,332</u>	<u>\$82,919</u>	<u>\$212,839</u>	<u>\$370,090</u>

NOTE 5 - PENSION PLANS/DEFERRED COMPENSATION PLAN:

DEFINED BENEFIT PENSION PLAN:

The Village of Caro Retirement Plan is a single-employer defined benefit pension plan administered by The Principal Financial Group. It provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Village Council. Village of Caro Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Village of Caro, 317 South State Street, Caro, MI 48723.

The contribution requirements of plan members and the Village are established and may be amended by the Village Council. Plan members are required to contribute 3% of their annual covered salary. The Village is required to contribute to an actuarially determined rate; the current rate is 15% of annual covered payroll.

The Village's annual pension cost and net pension obligation to the Village of Caro Retirement Plan for the current year were:

Annual required contribution	\$20,029
Interest on net pension obligation	(263)
Adjustment to annual required contribution	(835)
 Annual pension cost	 20,601
Contributions made	20,029
 Increase (decrease) in net pension obligation	 572
Net pension obligation beginning of year	(4,041)
 Net pension obligation end of year	 \$(3,469)

The annual required contribution for the current year was determined as part of the August 1, 2006 actuarial valuation using the entry age normal-frozen initial liability actuarial cost method. The actuarial assumptions included (a) 6.5% investment rate of return (net of investment expenses) for pre-retirement and 5.5% for post-retirement and (b) projected salary increases of 2.10%. Both (a) and (b) included an inflation component of 3%. The assumptions did not include post-retirement benefit increases, which are funded by Village appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a longer period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - PENSION PLANS/DEFERRED COMPENSATION PLAN (Continued):

Three-year Trend Information:

<u>FISCAL YEAR</u> <u>ENDING</u>	<u>ANNUAL PENSION</u> <u>COST (APC)</u>	<u>PERCENTAGE</u> <u>OF APC</u> <u>CONTRIBUTED</u>	<u>NET PENSION</u> <u>OBLIGATION</u>
June 30, 2005	30,019	167%	\$(4,902)
June 30, 2006	24,994	97%	\$(4,041)
June 30, 2007	20,601	97%	\$(3,469)

DEFINED CONTRIBUTION PENSION PLAN:

The Village of Caro Money Purchase Plan is a defined contribution pension plan established by the Village of Caro to provide benefits at retirement to certain Village officials. At June 30, 2007, there were twenty-three plan members. The Village is required to contribute 5% to 10% of annual covered payroll. Plan provisions and contribution requirements are established and may be amended by the Village Council.

BASIS OF ACCOUNTING:

The financial statements of the Village of Caro Money Purchase Plan are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

VALUATION OF INVESTMENTS:

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Mutual fund investments of \$321,635 were held at June 30, 2007.

DEFERRED COMPENSATION PLAN:

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. In addition, certain employees have the Village's contribution to their retirement plan deposited to the Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 6 - CONTINGENT LIABILITIES:

AIRPORT AUTHORITY:

Effective July 1, 1993, the Village transferred ownership of the Caro Airport to a separate legal and reporting entity. Certain liabilities, which continue to be in the name of the Village, were assumed by the Airport Authority. As Airport Authority financial information is presented under separate cover, no Airport Authority liabilities in the Village's name have been recorded in these financial statements. The amount of the long-term debt held in the name of the Village for the Airport Authority is \$69,963.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 - LONG-TERM DEBT:

Long-term debt of the Village's Enterprise Funds consisted of and had the following provisions:

WATER FUND

Revenue Bonds originally dated June 18, 1987 and subsequently refinanced under the MMBA local government refunding revenue loan program are payable with interest averaging 5.3%. Bonds were issued to finance the construction of a new water tower, additional water mains and a well.

TOTAL	\$ 200,000	
CURRENT PORTION	<u>(95,000)</u>	\$ 105,000

Junior lien revenue bonds payable dated September 30, 1999, in an amount not to exceed \$1,035,000. The bonds bear interest at 2.5% and were issued to finance the construction of a new water well and new water lines.

TOTAL	610,823	
CURRENT PORTION	<u>(41,566)</u>	569,257

Revenue bonds dated September 22, 2005, in an amount not to exceed \$1,780,000 for the purpose of the arsenic removal project. The loan has an interest rate of 2.125%.

TOTAL	1,703,215	
CURRENT PORTION	<u>(75,000)</u>	<u>1,628,215</u>

TOTAL WATER FUND (LONG-TERM)		<u>2,302,472</u>
------------------------------	--	------------------

SEWAGE DISPOSAL FUND

County Revenue Bonds payable with interest varying between 3.75% and 6.625%. Bonds were issued to finance the construction of a new waste treatment facility and sewer lines. On October 1, 2002, the bonds were advanced refunded. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866.

TOTAL	564,200	
CURRENT PORTION	<u>(98,280)</u>	<u>465,920</u>

Construction in Progress on County Revenue Bonds, total project will be \$7,730,000.

TOTAL	83,931	
CURRENT PORTION	<u>(0)</u>	<u>83,931</u>

TOTAL SEWAGE DISPOSAL FUND (LONG-TERM)		<u>549,851</u>
--	--	----------------

TOTAL ENTERPRISE FUNDS (LONG-TERM)		<u>\$2,852,323</u>
------------------------------------	--	--------------------

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 - LONG-TERM DEBT, (Continued):

Long-term debt of the Village's Component Unit (Downtown Development Authority):

Installment loan payable to the Michigan Department of Environmental Quality dated February 15, 1999. Loan proceeds were used for the environmental clean up of a parcel of land. The note carries an interest rate of 2.25% per annum.

TOTAL	\$ 30,635	
CURRENT PORTION	<u>(4,826)</u>	\$ 25,809

Bonds payable (General Obligation Limited Tax) to FifthThird Bank dated August 29, 2001. Semi-annual payments of interest carry rates varying between 3.5% and 4.85%. Principal payments are due on an annual basis.

TOTAL	700,000	
CURRENT PORTION	<u>(70,000)</u>	<u>630,000</u>

TOTAL		<u>\$655,809</u>
-------	--	------------------

General long-term debt of the Village consisted of and had the following provisions:

Bonds payable (General Obligation Limited Tax) to Community Bank dated September 22, 2003. Semi-annual payments of interest carry a rate of 2.00%. Principal payments are due on an annual basis.

TOTAL	\$90,087	
CURRENT PORTION	<u>(20,000)</u>	\$ 70,087

Compensated absences		<u>67,575</u>
----------------------	--	---------------

TOTAL		<u>\$137,662</u>
-------	--	------------------

During the year ended June 30, 2007 the following changes occurred in liabilities reported in the governmental general long-term debt on the statement of net assets:

<u>BALANCE</u>			<u>BALANCE</u>
<u>JULY 1, 2006</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>JUNE 30, 2007</u>
<u>\$172,273</u>	<u>\$389</u>	<u>\$15,000</u>	<u>\$157,662</u>

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 - LONG-TERM DEBT, (Continued):

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

YEAR ENDING JUNE 30	GENERAL OBLIGATION		REVENUE	
	Principal	Interest	Principal	Interest
2008	\$ 94,826	\$ 33,379	\$ 309,846	\$ 69,959
2009	99,935	29,680	316,206	63,360
2010	105,046	25,680	211,206	57,793
2011	110,159	21,370	212,566	51,984
2012	105,362	16,862	213,083	46,098
2013-2017	305,394	22,308	769,363	156,482
2018-2022	0	0	632,753	75,577
2023-2027	0	0	413,215	17,664
2028	0	0	83,931	0
Compensated absences	<u>67,575</u>			
TOTAL	<u>\$888,297</u>	<u>\$149,279</u>	<u>\$3,162,169</u>	<u>\$538,917</u>

NOTE 8 – CAPITAL ASSET SUMMARY:

A summary of property, plant, and equipment at June 30, 2007 is as follows:

	DEPRECIATION LIFE- YEARS	WATER FUND	SEWAGE DISPOSAL FUND	EQUIPMENT RENTAL FUND	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT
Land		\$ 115,923	\$ 2,513		\$ 456,051	\$ 283,413
Land Improvements	0-15				4,790,915	424,546
Buildings	10-50	1,176,603	8,785,874		1,111,380	
Bridges	50				79,360	
Meters	13-20	291,479	34,230			
Storm/Sewer lines	30-67		3,728,580		622,339	
Sidewalks/Tailways	30				1,321,828	
Water lines	50	2,989,350				
Source of Supply	6-50	882,629				
Motor Vehicles & Related Equipment	3-10			\$1,006,754		
Machinery & Equipment	5-20	1,496,402	332,138		870,093	23,439
Revenue Loan Costs		19,310	45,453			
Roads	5-20				1,706,197	
Parking lots	20					1,339,600
Traffic Signals	15				<u>105,000</u>	
Total Costs		6,971,696	12,928,788	1,006,754	11,063,163	2,070,998
 Less Accumulated Depreciation		 <u>(1,851,208)</u>	 <u>(5,343,681)</u>	 <u>(709,054)</u>	 <u>(1,646,862)</u>	 <u>(311,989)</u>
 Net Carrying Amount		 <u>\$5,120,488</u>	 <u>\$7,585,107</u>	 <u>\$ 297,700</u>	 <u>\$ 9,416,301</u>	 <u>\$1,759,009</u>

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 8 – CAPITAL ASSET SUMMARY, (Continued):

All depreciation is computed using the straight-line method. Equipment Rental Fund assets are combined with Governmental Activities assets on the Statement of Net Assets. Depreciation expense was recorded as follows:

Governmental Activities	\$303,922
Water Fund	210,877
Sewer Fund	208,469
Component Unit	<u>71,318</u>
Total depreciation expense	<u>\$794,586</u>

NOTE 9 - CASH AND INVESTMENTS:

The Village maintains a pooled account for substantially all of its cash. Each fund type's portion of this pool is maintained through the use of separate accounts within the pooled account. This cash is shown in their respective funds for financial reporting purposes.

As of June 30, 2007, the Village had no investments.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2007, \$3,858,747 of the Village's bank balance of \$4,058,747 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The amounts reported in the financial statements are as follows:

Cash - Governmental Activities	\$ 2,710,281
Cash - Business-Type Activities	1,067,600
Cash - Component Unit	<u>153,284</u>
	<u>\$ 3,931,165</u>

NOTE 10 - SEGMENT INFORMATION:

The Village maintains two enterprise funds that provide water and sewer services. Segment information for the year ended June 30, 2007, is as follows:

	<u>WATER</u>	<u>SEWAGE DISPOSAL</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenue	\$838,101	\$683,599	\$1,521,700
Depreciation & Amortization expense	214,739	208,469	423,208
Operating income (loss)	139,281	(101,677)	37,604
Net income	98,915	(107,922)	(9,007)
Property, plant & equipment:			
Additions	203,662	1,972,847	2,176,509
Dispositions	4,546	0	4,546
Net working capital (deficit)	536,720	213,925	750,645
Total identifiable assets	5,890,436	8,868,891	14,759,327
Total equity	3,354,736	7,970,538	11,325,274

NOTE 11 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the Enterprise Funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use or still in construction within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital rather than retained earnings.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 12 - RESERVES/DESIGNATIONS ON NET ASSETS/FUND BALANCES:

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ENTERPRISE</u>
Net assets reserved for debt retirement			\$512,954
Fund balances designated for:			
Debt service		\$335	
Community promotion	\$161,559	-	-
TOTAL	<u>\$161,559</u>	<u>\$335</u>	<u>\$512,954</u>

NOTE 13 - RISK MANAGEMENT:

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

NOTE 14 – INTERFUND TRANSFERS:

Transfers were made between funds to subsidize operations. Interfund transfers for the year ended June 30, 2007 consisted of the following amounts:

		TRANSFERS FROM				
TRANSFERS TO		<u>General Fund</u>	<u>Municipal Streets</u>	<u>Fire Fund</u>	<u>DDA</u>	<u>Total</u>
	Local Streets		\$125,000			\$125,000
	Fire Fund	\$71,776				71,776
	Debt Service			\$16,943	\$104,310	121,253
	Total	\$71,776	\$125,000	\$16,943	\$104,310	\$318,029

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivable and payable balances for the year ended June 30, 2007 consisted of the following amounts:

		<u>RECEIVABLE</u>		
PAYABLE		<u>General Fund</u>	<u>Motor Pool Fund</u>	<u>Total</u>
	Sewer Fund	\$164,000	\$48,900	\$212,900
	Total	<u>\$164,000</u>	<u>\$48,900</u>	<u>\$212,900</u>

The outstanding balances between the funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

VILLAGE OF CARO, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 16 – SUBSEQUENT EVENTS:

The Village has started a Waste Water Treatment Plant Improvement project and intends to spend over \$7 million on the improvements. The project is being financed with the issuance of bonds through Tuscola County.

NOTE 17 – SEWER AGREEMENT WITH TOWNSHIPS:

On November 22, 2006 the Village of Caro entered into an agreement with Almer Township and Indianfields Township to transfer full ownership, management, operations, control, and maintenance of the Treatment Plant and System to the Village of Caro. In return, the Townships have the right to use 16.6% of the capacity of the Treatment Plant and System. The Townships are still responsible for their share of the outstanding 2002 bonds. Per the agreement, each township was to transfer \$50,000 to a maintenance reserve fund for the System to be held by the Village. The Village will be responsible for billing and collecting from the Township customers. If the customer fails to pay within thirty days, the Township will become liable to the Village. The Townships have agreed to install water meters on all sewer customers at the Townships' expense. The transfer of ownership and control was completed as of June 30, 2007. At June 30, the Village recorded \$1,901,373 as contributed capital from the Townships. This represents the net book value of the sewer system assets that were transferred from the Townships to the Village.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CARO
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES	\$ 1,774,870	\$ 1,764,880	\$ 1,842,853	\$ 77,973
EXPENDITURES	1,602,901	1,608,701	1,617,342	(8,641)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>171,969</u>	<u>156,179</u>	<u>225,511</u>	<u>69,332</u>
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	-	-	880,635	880,635
Transfers in	-	-	-	-
Transfers out	(71,776)	(71,776)	(71,776)	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>(71,776)</u>	<u>(71,776)</u>	<u>808,859</u>	<u>880,635</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>100,193</u>	<u>84,403</u>	<u>1,034,370</u>	<u>949,967</u>
FUND BALANCE - JULY 1	<u>805,071</u>	<u>805,071</u>	<u>805,071</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 905,264</u>	<u>\$ 889,474</u>	<u>\$ 1,839,441</u>	<u>\$ 949,967</u>

VILLAGE OF CARO
MAJOR STREET & TRUNKLINE
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUE:				
Taxes	\$ 88,609	\$ 88,609	\$ 89,633	\$ 1,024
Intergovernmental revenue	214,000	214,000	232,440	18,440
Miscellaneous	6,300	6,300	7,155	855
TOTAL REVENUE	308,909	308,909	329,228	20,319
EXPENDITURES:				
Construction	5,911	5,911	-	5,911
Routine maintenance - street & storm sewers	136,193	136,193	134,880	1,313
Trees & shrubs	1,294	1,294	-	1,294
Snow & ice controls	27,980	27,980	12,121	15,859
Sweeping & flushing	11,808	11,808	10,551	1,257
Draining, signs & signals	1,742	1,742	566	1,176
Administrative	35,667	35,667	34,492	1,175
TOTAL EXPENDITURES	220,595	220,595	192,610	27,985
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	88,314	88,314	136,618	48,304
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	88,314	88,314	136,618	48,304
FUND BALANCE - JULY 1	101,968	101,968	101,968	-
FUND BALANCE - JUNE 30	\$ 190,282	\$ 190,282	\$ 238,586	\$ 48,304

VILLAGE OF CARO
LOCAL STREET FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET			VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Taxes	\$ 44,086	\$ 44,086	\$ 44,590	\$ 504
Intergovernmental revenue	80,000	80,000	81,344	1,344
Miscellaneous	12,800	12,800	14,664	1,864
TOTAL REVENUE	136,886	136,886	140,598	3,712
EXPENDITURES:				
Construction - street & storm sewers	-	-	-	-
Routine maintenance - street & storm sewers	210,447	210,447	175,046	35,401
Administrative	36,601	36,601	28,976	7,625
TOTAL EXPENDITURES	247,048	247,048	204,022	43,026
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(110,162)	(110,162)	(63,424)	46,738
OTHER FINANCING SOURCES (USES):				
Operating transfers in	125,000	125,000	125,000	-
Operating transfers out				-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	14,838	14,838	61,576	46,738
FUND BALANCE - JULY 1	22,214	22,214	22,214	-
FUND BALANCE - JUNE 30	\$ 37,052	\$ 37,052	\$ 83,790	\$ 46,738

VILLAGE OF CARO
REFUSE/SANITATION FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUE:				
Taxes	\$ 42,342	\$ 42,342	\$ 42,340	\$ (2)
Charges for services	339,000	339,000	339,970	970
Miscellaneous	6,500	6,500	8,168	1,668
TOTAL REVENUE	387,842	387,842	390,478	2,636
EXPENDITURES:				
Sanitation:				
Wages	24,405	24,405	24,420	(15)
Employee benefits	8,948	8,948	7,566	1,382
Miscellaneous supplies	5,600	5,600	4,802	798
Contracted services	302,500	302,500	338,521	(36,021)
Insurance	7,130	7,130	6,080	1,050
Equipment rental	1,500	1,500	1,692	(192)
Administration fee	-	-	-	-
Miscellaneous	6,950	6,950	5,666	1,284
TOTAL EXPENDITURES	357,033	357,033	388,747	(31,714)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	30,809	30,809	1,731	(29,078)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	75,000	-	-	-
Operating transfers out	(75,000)	-	-	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	30,809	30,809	1,731	(29,078)
FUND BALANCE - JULY 1	168,970	168,970	168,970	-
FUND BALANCE - JUNE 30	\$ 199,779	\$ 199,779	\$ 170,701	\$ (29,078)

ADDITIONAL INFORMATION

VILLAGE OF CARO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
June 30, 2007

	<u>DEBT SERVICE</u>	<u>MUNICIPAL STREET</u>	<u>DRUG FORFEITURE</u>	<u>FIRE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash	\$ 335	\$ 231,285	\$ 2,274	\$ 51,412	\$ 285,306
Accounts receivable		4,058	-	486	4,544
Taxes receivable		1,580	-	-	1,580
Due from other funds				-	-
TOTAL ASSETS	<u>\$ 335</u>	<u>\$ 236,923</u>	<u>\$ 2,274</u>	<u>\$ 51,898</u>	<u>\$ 291,430</u>
<u>LIABILITIES & FUND BALANCES</u>					
Liabilities:					
Accounts payable		\$ 22	-	\$ 573	\$ 595
Accrued salaries & wages		849	-	1,516	2,365
Due to other funds					-
Deferred revenue		-	-		-
Total Liabilities	<u>-</u>	<u>871</u>	<u>-</u>	<u>2,089</u>	<u>2,960</u>
Fund Balances:					
Reserved for:					
Debt service	\$ 335				335
Unreserved		236,052	\$ 2,274	49,809	288,135
Total Fund Balances	335	236,052	2,274	49,809	288,470
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 335</u>	<u>\$ 236,923</u>	<u>\$ 2,274</u>	<u>\$ 51,898</u>	<u>\$ 291,430</u>

VILLAGE OF CARO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>DEBT SERVICE</u>	<u>MUNICIPAL STREET</u>	<u>DRUG FORFEITURE</u>	<u>FIRE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES:					
Taxes		\$ 231,197			\$ 231,197
Charges for services				\$ 91,249	91,249
Intergovernmental revenue				-	-
Miscellaneous	\$ 10	13,184	\$ 1,643	32,009	46,846
TOTAL REVENUE	<u>10</u>	<u>244,381</u>	<u>1,643</u>	<u>123,258</u>	<u>369,292</u>
EXPENDITURES:					
Fire dept.				176,375	176,375
Streets		72,111			72,111
Miscellaneous			234		234
Debt Service:					
Principal	85,000				85,000
Interest	36,253				36,253
TOTAL EXPENDITURES	<u>121,253</u>	<u>72,111</u>	<u>234</u>	<u>176,375</u>	<u>369,973</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(121,243)</u>	<u>172,270</u>	<u>1,409</u>	<u>(53,117)</u>	<u>(681)</u>
OTHER FINANCING SOURCES (USES):					-
Loan/Bond proceeds				-	-
Operating transfers in	121,253			71,776	193,029
Operating transfers out	-	(125,000)		(16,943)	(141,943)
TOTAL OTHER FINANCING SOURCES (USES)	<u>121,253</u>	<u>(125,000)</u>	<u>-</u>	<u>54,833</u>	<u>51,086</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>10</u>	<u>47,270</u>	<u>1,409</u>	<u>1,716</u>	<u>50,405</u>
FUND BALANCE - JULY 1	<u>325</u>	<u>188,782</u>	<u>865</u>	<u>48,093</u>	<u>238,065</u>
FUND BALANCE - JUNE 30	<u>\$ 335</u>	<u>\$ 236,052</u>	<u>\$ 2,274</u>	<u>\$ 49,809</u>	<u>\$ 288,470</u>

VILLAGE OF CARO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED JUNE 30, 2006

	<u>2007</u>			<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES	\$ 1,764,880	\$ 1,842,853	\$ 77,973	\$ 2,133,501
EXPENDITURES	1,608,701	1,617,342	(8,641)	1,995,725
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>156,179</u>	<u>225,511</u>	<u>69,332</u>	<u>137,776</u>
OTHER FINANCING SOURCES (USES):				
Sale of assets	-	880,635	880,635	-
Transfers in	-	-	-	-
Transfers out	(71,776)	(71,776)	-	(66,127)
TOTAL OTHER FINANCING SOURCES (USES):	<u>(71,776)</u>	<u>808,859</u>	<u>880,635</u>	<u>(66,127)</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>84,403</u>	<u>1,034,370</u>	<u>949,967</u>	<u>71,649</u>
FUND BALANCE - JULY 1	<u>805,071</u>	<u>805,071</u>	<u>-</u>	<u>733,422</u>
FUND BALANCE - JUNE 30	<u>\$ 889,474</u>	<u>\$ 1,839,441</u>	<u>\$ 949,967</u>	<u>\$ 805,071</u>

VILLAGE OF CARO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
YEAR ENDED JUNE 30, 2007

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>
<u>ASSETS</u>			
Cash	\$ 211,023	\$ 73,776	\$ 231,285
Accounts receivable	30,865	13,357	4,058
Taxes receivable			1,580
Due from other funds			
TOTAL ASSETS	<u>\$ 241,888</u>	<u>\$ 87,133</u>	<u>\$ 236,923</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 2,029	\$ 1,012	\$ 22
Accrued salaries & wages	1,273	2,331	849
Deferred revenue			-
Total Liabilities	<u>3,302</u>	<u>3,343</u>	<u>871</u>
Fund equity:			
Fund balance:			
Undesignated	<u>238,586</u>	<u>83,790</u>	<u>236,052</u>
Total Fund Equity	<u>238,586</u>	<u>83,790</u>	<u>236,052</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 241,888</u>	<u>\$ 87,133</u>	<u>\$ 236,923</u>

<u>REFUSE/ SANITATION</u>	<u>DRUG FORFEITURE</u>	<u>FIRE</u>	<u>TOTALS</u> <u>JUNE 30,</u>	
			<u>2007</u>	<u>2006</u>
\$ 138,916	\$ 2,274	\$ 51,412	\$ 708,686	\$ 389,762
32,340		486	81,106	76,415
233	-	-	1,813	890
			-	75,000
<u>\$ 171,489</u>	<u>\$ 2,274</u>	<u>\$ 51,898</u>	<u>\$ 791,605</u>	<u>\$ 542,067</u>
\$ 34		\$ 573	\$ 3,670	\$ 4,360
754		1,516	6,723	6,815
		-	-	-
<u>788</u>		<u>2,089</u>	<u>10,393</u>	<u>11,175</u>
<u>170,701</u>	<u>\$ 2,274</u>	<u>49,809</u>	<u>781,213</u>	<u>530,892</u>
<u>170,701</u>	<u>2,274</u>	<u>49,809</u>	<u>781,213</u>	<u>530,892</u>
<u>\$ 171,489</u>	<u>\$ 2,274</u>	<u>\$ 51,898</u>	<u>\$ 791,606</u>	<u>\$ 542,067</u>

VILLAGE OF CARO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2007

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>
REVENUE:			
Taxes	\$ 89,633	\$ 44,590	\$ 231,197
Intergovernmental revenue	232,440	81,344	-
Charges for services	-	-	-
Miscellaneous	7,155	14,664	13,184
	<u>329,228</u>	<u>140,598</u>	<u>244,381</u>
TOTAL REVENUE			
EXPENDITURES:			
Streets	192,610	204,022	72,111
Refuse			
Investigation			
Fire			
	<u>192,610</u>	<u>204,022</u>	<u>72,111</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	136,618	(63,424)	172,270
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Operating transfers in	-	125,000	-
Operating transfers out	-	-	(125,000)
	<u>136,618</u>	<u>61,576</u>	<u>47,270</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES			
FUND BALANCE - JULY 1	101,968	22,214	188,782
FUND BALANCE - JUNE 30	<u>\$ 238,586</u>	<u>\$ 83,790</u>	<u>\$ 236,052</u>

REFUSE/ SANITATION	DRUG FORFEITURE	FIRE	TOTALS JUNE 30,	
			2007	2006
\$ 42,340			\$ 407,760	\$ 346,024
-		-	313,784	1,070,098
339,970		\$ 91,249	431,219	429,003
8,168	\$ 1,643	32,009	76,823	85,579
390,478	1,643	123,258	1,229,586	1,930,704
			468,743	1,468,083
388,747			388,747	361,174
	234		234	-
		176,375	176,375	176,488
388,747	234	176,375	1,034,099	2,005,745
1,731	1,409	(53,117)	195,487	(75,041)
-	-	-	-	-
-		71,776	196,776	176,127
		(16,943)	(141,943)	(122,200)
1,731	1,409	1,716	250,320	(21,114)
168,970	865	48,093	530,892	552,006
\$ 170,701	\$ 2,274	\$ 49,809	\$ 781,213	\$ 530,892

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - county road levy	\$ 88,609	\$ 89,633	\$ 1,024
Intergovernmental revenue:			
Gas & weight tax	180,000	187,985	7,985
Gilford Rd	-	18,132	18,132
Trunkline maintenance	34,000	26,323	(7,677)
Total Intergovernmental Revenue	214,000	232,440	18,440
Miscellaneous revenue:			
Interest income	6,300	5,219	(1,081)
Miscellaneous	-	1,936	1,936
Total Miscellaneous Revenue	6,300	7,155	855
TOTAL REVENUE	308,909	329,228	20,319
EXPENDITURES:			
Construction	5,911	-	5,911
Routine maintenance - street & storm sewers	136,193	134,880	1,313
Trees & shrubs	1,294	-	1,294
Snow & ice controls	27,980	12,121	15,859
Sweeping & flushing	11,808	10,551	1,257
Draining, signs & signals	1,742	566	1,176
Administrative	35,667	34,492	1,175
TOTAL EXPENDITURES	220,595	192,610	27,985
OTHER FINANCING SOURCES (USES):			
Operating transfers in			-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	-	-	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	88,314	136,618	48,304
FUND BALANCE - JULY 1	101,968	101,968	-
FUND BALANCE - JUNE 30	\$ 190,282	\$ 238,586	\$ 48,304

VILLAGE OF CARO
LOCAL STREET FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - County bridge levy	\$ 44,086	\$ 44,590	\$ 504
Intergovernmental revenue:			
Gas & weight tax	80,000	81,344	1,344
Miscellaneous revenue:			
Interest income	700	886	186
Miscellaneous	12,100	13,778	1,678
Total Miscellaneous Revenue	12,800	14,664	1,864
TOTAL REVENUE	136,886	140,598	3,712
EXPENDITURES:			
Construction - street & storm sewers	-	-	-
Routine maintenance - street & storm sewers	210,447	175,046	35,401
Administrative	36,601	28,976	7,625
TOTAL EXPENDITURES	247,048	204,022	43,026
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(110,162)	(63,424)	46,738
OTHER FINANCING SOURCES (USES):			
Operating transfers in	125,000	125,000	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES	14,838	61,576	46,738
FUND BALANCE - JULY 1	22,214	22,214	-
FUND BALANCE - JUNE 30	\$ 37,052	\$ 83,790	\$ 46,738

VILLAGE OF CARO
MUNICIPAL STREET FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - Current property tax levy	<u>\$ 257,373</u>	<u>\$ 231,197</u>	<u>\$ (26,176)</u>
Miscellaneous Revenue:			
Sidewalk assessments	<u>-</u>	<u>-</u>	<u>-</u>
Interest income	<u>7,400</u>	<u>13,184</u>	<u>5,784</u>
Total Miscellaneous Revenue	<u>7,400</u>	<u>13,184</u>	<u>5,784</u>
TOTAL REVENUE	<u>264,773</u>	<u>244,381</u>	<u>(20,392)</u>
EXPENDITURES:			
Alleys & sidewalks	60,470	16,102	44,368
Administrative	24,670	24,285	385
Parking Lots	<u>54,633</u>	<u>31,724</u>	<u>22,909</u>
TOTAL EXPENDITURES	<u>139,773</u>	<u>72,111</u>	<u>67,662</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	125,000	172,270	47,270
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(125,000)	(125,000)	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	<u>-</u>	<u>47,270</u>	<u>47,270</u>
FUND BALANCE - JULY 1	<u>188,782</u>	<u>188,782</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 188,782</u>	<u>\$ 236,052</u>	<u>\$ 47,270</u>

VILLAGE OF CARO
REFUSE/SANITATION FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes - Current tax levy	\$ 42,342	\$ 42,340	\$ (2)
Charges for services:			
Rubbish/trash	339,000	339,970	970
Miscellaneous revenue:			
Miscellaneous income	6,500	8,168	1,668
TOTAL REVENUE	387,842	390,478	2,636
EXPENDITURES:			
Sanitation:			
Wages	24,405	24,420	(15)
Employee benefits	8,948	7,566	1,382
Miscellaneous supplies	5,600	4,802	798
Contracted services	302,500	338,521	(36,021)
Insurance	7,130	6,080	1,050
Equipment rental	1,500	1,692	(192)
Administration fee	-	-	-
Miscellaneous	6,950	5,666	1,284
TOTAL EXPENDITURES	357,033	388,747	(31,714)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	30,809	1,731	(29,078)
FUND BALANCE - JULY 1	168,970	168,970	-
FUND BALANCE - JUNE 30	\$ 199,779	\$ 170,701	\$ (29,078)

VILLAGE OF CARO
DRUG FORFEITURE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Miscellaneous revenue	-	\$ 1,561	\$ 1,561
Interest income	\$ 10	82	72
TOTAL REVENUE	10	1,643	1,633
EXPENDITURES:			
Investigation expenses	-	234	-
TOTAL EXPENDITURES	-	234	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	10	1,409	1,399
OTHER FINANCING SOURCES (USES):			
Operating transfers in			
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	10	1,409	1,399
FUND BALANCE - JULY 1	865	865	-
FUND BALANCE - JUNE 30	\$ 875	\$ 2,274	\$ 1,399

VILLAGE OF CARO
FIRE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Charges for Services:			
Fire Fees	\$ 84,299	\$ 84,299	-
Surcharges	6,950	6,950	-
Total Charges for Services	<u>91,249</u>	<u>91,249</u>	<u>-</u>
Miscellaneous Revenue:			
FEMA Grant			-
Interest income	2,000	3,786	\$ 1,786
Donations	-	20,509	20,509
Other	16,494	7,714	(8,780)
Total Miscellaneous Revenue	<u>18,494</u>	<u>32,009</u>	<u>13,515</u>
TOTAL REVENUE	<u>109,743</u>	<u>123,258</u>	<u>13,515</u>
EXPENDITURES:			
Salaries and wages	63,833	65,431	(1,598)
Fringe benefits	19,109	20,076	(967)
Supplies	22,125	14,706	7,419
Contracted Repairs	9,500	8,527	973
Grant expense	-	-	-
Capital Outlay	18,000	36,469	(18,469)
Telephone	1,200	1,239	(39)
Insurance	11,000	11,224	(224)
Administrative expense	10,000	10,000	-
Equipment rent	500	477	23
Miscellaneous	9,300	8,226	1,074
TOTAL EXPENDITURES	<u>164,567</u>	<u>176,375</u>	<u>(11,808)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(54,824)	(53,117)	(1,707)
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	-	-
Operating transfers in	71,776	71,776	-
Operating transfers out	(16,952)	(16,943)	(9)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	-	1,716	1,716
FUND BALANCE - JULY 1	<u>48,093</u>	<u>48,093</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 48,093</u>	<u>\$ 49,809</u>	<u>\$ 1,716</u>

VILLAGE OF CARO
DEBT SERVICE FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Miscellaneous Revenue:			
Interest income	\$ 5	\$ 10	\$ 5
Other	-	-	-
Total Miscellaneous Revenue	<u>5</u>	<u>10</u>	<u>5</u>
TOTAL REVENUE	<u>5</u>	<u>10</u>	<u>(5)</u>
EXPENDITURES:			
Principal	85,000	85,000	-
Interest	<u>36,262</u>	<u>36,253</u>	<u>9</u>
TOTAL EXPENDITURES	<u>121,262</u>	<u>121,253</u>	<u>9</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(121,257)	(121,243)	(14)
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Operating transfers in	121,262	121,253	(9)
Operating transfers out	-	-	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES & OTHER USES	<u>5</u>	<u>10</u>	<u>5</u>
FUND BALANCE - JULY 1	<u>325</u>	<u>325</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 330</u>	<u>\$ 335</u>	<u>\$ 5</u>

VILLAGE OF CARO
GOVERNMENTAL COMPONENT UNITS
BALANCE SHEET
June 30, 2007

		DOWNTOWN DEVELOPMENT AUTHORITY	
		JUNE 30,	
		2007	2006
<u>ASSETS</u>			
Cash		\$ 153,284	\$ 111,022
Accounts receivable		875	-
TOTAL ASSETS		<u>\$ 154,159</u>	<u>\$ 111,022</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts payable		15	-
Accrued salaries & wages		\$ 1,261	\$ 824
Deferred revenue		-	-
Total Liabilities		<u>1,276</u>	<u>824</u>
Fund Equity:			
Fund Balance:			
Undesignated		<u>152,883</u>	<u>110,198</u>
Total Fund Equity		<u>152,883</u>	<u>110,198</u>
TOTAL LIABILITIES & FUND EQUITY		<u>\$ 154,159</u>	<u>\$ 111,022</u>

VILLAGE OF CARO
GOVERNMENTAL COMPONENT UNITS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE
YEAR ENDED JUNE 30, 2006

DOWNTOWN DEVELOPMENT AUTHORITY

	2007		VARIANCE - FAVORABLE (UNFAVORABLE)	JUNE 30, 2006
	BUDGET	ACTUAL		
REVENUE:				
Taxes	\$205,819	\$215,314	\$ 9,495	\$ 198,295
Parking lots	23,400	23,600	200	23,600
Federal/state portion of streetscape	-	-	-	-
CDBG Parking Lot	-	-	-	-
Miscellaneous	6,420	18,420	12,000	14,102
TOTAL REVENUE	235,639	257,334	21,695	235,997
EXPENDITURES:				
Contract Services	-	6,177	(6,177)	-
Miscellaneous	61,441	91,836	(30,395)	48,619
Capital outlay	-	-	-	850
Building demo	2,620	-	2,620	81
Future Projects	15,000	12,326	2,674	10,973
TOTAL EXPENDITURES	79,061	110,339	(31,278)	60,523
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	156,578	146,995	(9,583)	175,474
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Principal payments	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(104,310)	(104,310)	-	(102,130)
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	52,268	42,685	(9,583)	73,344
FUND BALANCE - JULY 1	110,198	110,198	-	36,854
FUND BALANCE - JUNE 30	\$ 162,466	\$ 152,883	\$ (9,583)	\$ 110,198

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF REVENUE
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes:			
Current tax levy	\$ 1,037,817	\$ 1,045,723	\$ 7,906
Payments in lieu of taxes	3,279	1,577	(1,702)
Promotion tax levy	46,418	46,962	544
Delinquent tax - penalty & interest	50	226	176
Total Taxes	<u>1,087,564</u>	<u>1,094,488</u>	<u>6,924</u>
Licenses & permits	<u>4,000</u>	<u>3,768</u>	<u>(232)</u>
Intergovernmental Revenue:			
Federal			-
State of Michigan	459,550	450,974	(8,576)
Recreation grants & contributions	<u>3,500</u>	<u>49,487</u>	<u>45,987</u>
Total Intergovernmental Revenue	<u>463,050</u>	<u>500,461</u>	<u>37,411</u>
Charges For Services:			
DPW charges			-
Swimming pool & parks receipts			-
Rental of village property	176,541	146,086	(30,455)
Police receipts	<u>2,100</u>	<u>3,651</u>	<u>1,551</u>
Total Charges For Services	<u>178,641</u>	<u>149,737</u>	<u>(28,904)</u>
Fines & Forfeitures	<u>3,550</u>	<u>4,200</u>	<u>650</u>
Miscellaneous revenue:			
Interest income	20,000	52,413	32,413
Miscellaneous	3,075	12,805	9,730
Donations	<u>5,000</u>	<u>24,981</u>	<u>19,981</u>
Total Miscellaneous Revenue	<u>28,075</u>	<u>90,199</u>	<u>62,124</u>
TOTAL REVENUE	<u>1,764,880</u>	<u>1,842,853</u>	<u>77,973</u>
OTHER FINANCING SOURCES			
Loan proceeds	-	-	-
Sale of assets	-	880,635	880,635
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>880,635</u>	<u>880,635</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,764,880</u>	<u>\$ 2,723,488</u>	<u>\$ 958,608</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Legislative:			
Salaries - council	\$ 14,568	\$ 13,731	\$ 837
Supplies and equipment	500	420	80
Insurance	1,776	1,589	187
Education and training	4,000	2,051	1,949
Miscellaneous	200	3	197
Total Legislative	<u>21,044</u>	<u>17,794</u>	<u>3,250</u>
Executive:			
Salaries	34,584	34,227	357
Fringe benefits	17,926	19,942	(2,016)
Office supplies & expenses	5,060	5,279	(219)
Technology	2,500	1,605	895
Contracted services	20,000	20,669	(669)
Telephone	2,500	1,642	858
Publishing of legal notices	1,000	503	497
Insurance	3,200	2,764	436
Equipment leases & maintenance			-
Education & training	4,500	4,958	(458)
Capital outlay	500	-	500
Tuscola County Airport Authority	18,550	18,550	-
Miscellaneous	4,100	7,833	(3,733)
Total Executive	<u>114,420</u>	<u>117,972</u>	<u>(3,552)</u>
Elections			
Wages	1,800		1,800
Supplies	350		350
Printing	600	98	502
Miscellaneous	200	39	161
Total Elections	<u>2,950</u>	<u>137</u>	<u>2,813</u>
Clerk/Treasurer:			
Salaries	36,350	30,582	5,768
Fringe benefits	13,280	13,084	196
Office supplies & expense	2,175	1,959	216
Technology	3,000	1,698	1,302
Bonds & insurance	3,200	2,723	477
Contracted services	7,000	8,016	(1,016)
Printing and publication	2,000	1,196	804
Education and training	2,500	1,707	793
Miscellaneous	4,500	2,278	2,222
Total Treasurer	<u>74,005</u>	<u>63,243</u>	<u>10,762</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Industrial Park:			
Salaries & wages	\$ 2,500	\$ 477	\$ 2,023
Fringe benefits	908	353	555
Contracted services	3,400	3,844	(444)
Insurance	7,100	5,804	1,296
Equipment rental	700	313	387
Supplies	500	144	356
Utilities	2,700	353	2,347
Miscellaneous	700	703	(3)
Capital Outlay	50,000	-	50,000
Total Industrial Park	<u>68,508</u>	<u>11,991</u>	<u>56,517</u>
Village Buildings & Grounds:			
Salaries & wages	\$ 23,000	19,851	3,149
Fringe benefits	7,417	6,439	978
Supplies	9,000	12,339	(3,339)
Contracted services	20,000	20,820	(820)
Insurance	10,800	10,875	(75)
Heat, light & power	60,700	65,588	(4,888)
Property taxes			-
Equipment rental	25,000	27,009	(2,009)
Capital outlay	12,000	1,100	10,900
Miscellaneous	500	149	351
Contributions - other funds	(60,000)	(60,000)	-
Total Village Buildings & Grounds	<u>108,417</u>	<u>104,170</u>	<u>4,247</u>
Historical Center:			
Salaries & wages	1,500	990	510
Fringe benefits	540	280	260
Supplies	550	344	206
Heat, light & power	6,625	8,872	(2,247)
Equipment rental	400	276	124
Insurance	950	954	(4)
Miscellaneous	16,750	16,263	487
Total Historical Center	<u>27,315</u>	<u>27,979</u>	<u>(664)</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Police Department:			
Salaries & wages	\$ 505,200	\$ 469,723	\$ 35,477
Fringe benefits	162,530	149,407	13,123
Operating supplies	22,725	13,320	9,405
Contracted services	4,000	9,809	(5,809)
Telephone	5,000	5,600	(600)
Insurance	14,100	14,511	(411)
Capital outlay	12,000	12,609	(609)
Repairs	7,000	5,328	1,672
Miscellaneous	31,750	29,697	2,053
Education & training	7,000	6,529	471
Total Police Department	<u>771,305</u>	<u>716,533</u>	<u>54,772</u>
Planning/Zoning			
Salaries and wages	20,778	17,323	3,455
Fringe Benefits	4,533	4,188	345
Contracted Services	20,000	5,882	14,118
Operating Supplies	2,100	2,038	62
Miscellaneous	2,500	1,999	501
Education & training	600	660	(60)
Printing & Publication	1,800	1,391	409
Total Planning and Zoning	<u>52,311</u>	<u>33,481</u>	<u>18,830</u>
Public Works Department:			
Salaries & wages	82,600	96,224	(13,624)
Fringe benefits	29,983	33,374	(3,391)
Tools & supplies	7,350	8,231	(881)
Contracted services	1,900	1,815	85
Street lighting	55,000	61,998	(6,998)
Insurance	7,200	7,518	(318)
Equipment rent	2,000	3,860	(1,860)
Education and training	900	1,613	(713)
Capital outlay	1,000	450	550
Miscellaneous	7,400	6,604	796
Total Public Works Department	<u>195,333</u>	<u>221,687</u>	<u>(26,354)</u>

VILLAGE OF CARO
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Recreation Department:			
Salaries & wages	\$ 35,640	\$ 52,724	\$ (17,084)
Fringe benefits	12,218	14,030	(1,812)
Operating and maintenance supplies	3,000	4,565	(1,565)
Insurance	3,220	4,441	(1,221)
Telephone	1,000	874	126
Heat, light & power	6,550	12,691	(6,141)
Recreation programs	10,000	7,443	2,557
Contracted services	21,350	21,255	95
Equipment rent	20,000	45,440	(25,440)
Miscellaneous	5,900	7,863	(1,963)
Chippewa DNR Grant	-	86,335	(86,335)
Capital outlay	18,100	9,328	8,772
Total Recreation Department	<u>136,978</u>	<u>266,989</u>	<u>(130,011)</u>
Community Promotion:			
Salaries & wages	7,100	5,827	1,273
Fringe benefits	2,515	2,040	475
Supplies	2,000	4,654	(2,654)
Contracted services	1,500	1,267	233
Equipment rent	3,000	2,553	447
EDC annual	12,100	12,250	(150)
Miscellaneous	7,900	6,775	1,125
Total Community Promotion	<u>36,115</u>	<u>35,366</u>	<u>749</u>
Principal repayments			-
TOTAL EXPENDITURES	<u>1,608,701</u>	<u>1,617,342</u>	<u>(8,641)</u>
OTHER FINANCING USES			
Transfers out	<u>71,776</u>	<u>71,776</u>	<u>-</u>
TOTAL OTHER FINANCING USES:	<u>71,776</u>	<u>71,776</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,680,477</u>	<u>\$ 1,689,118</u>	<u>\$ (8,641)</u>

VILLAGE OF CARO
WATER FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN NET ASSETS

	YEAR ENDED JUNE 30,	
	2007	2006
OPERATING REVENUE:		
Water system sales	\$ 811,344	\$ 780,258
Other services, charges & sales	17,430	16,005
Interest & penalties	5,835	5,836
Miscellaneous	3,492	18,191
TOTAL OPERATING REVENUE	838,101	820,290
OPERATING EXPENSES:		
Salaries & wages	136,348	127,268
Payroll taxes	10,046	9,479
Fringe benefits	37,960	32,724
Operating supplies	39,663	42,452
General fund administrative fee	10,000	10,000
Contracted services	81,859	28,893
Telephone	1,526	1,406
Insurance	19,240	16,930
Heat, light & power	104,894	69,447
Depreciation & amortization	214,739	147,841
Equipment rental	31,732	32,010
Other	10,813	11,766
TOTAL OPERATING EXPENSES	698,820	530,216
OPERATING INCOME (LOSS)	139,281	290,074
NON-OPERATING REVENUE (EXPENSES):		
Interest earned	25,198	18,768
Interest expense and fees	(65,278)	(38,632)
Loss on disposal of assets	(286)	(19,736)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(40,366)	(39,600)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	98,915	250,474
CONTRIBUTED CAPITAL	4,000	996,109
NET ASSETS - JULY 1	3,251,821	2,005,238
NET ASSETS - JUNE 30	\$ 3,354,736	\$ 3,251,821

VILLAGE OF CARO
SEWAGE DISPOSAL FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN NET ASSETS

	YEAR ENDED JUNE 30,	
	2007	2006
OPERATING REVENUE:		
Sewer system sales	\$ 647,995	\$ 613,065
Other services, charges & sales	9,868	10,341
Miscellaneous	25,736	18,029
TOTAL OPERATING REVENUE	<u>683,599</u>	<u>641,435</u>
OPERATING EXPENSES:		
Salaries & wages	186,555	174,303
Payroll taxes	13,326	12,902
Fringe benefits	52,331	45,022
Operating supplies	67,468	66,794
Contracted services	64,210	78,191
Telephone	4,193	3,280
Insurance	28,309	27,035
Heat, light & power	122,101	95,273
Depreciation & amortization	208,469	206,542
Equipment rental	2,706	29,272
Other	35,608	14,825
TOTAL OPERATING EXPENSES	<u>785,276</u>	<u>753,439</u>
OPERATING INCOME (LOSS)	<u>(101,677)</u>	<u>(112,004)</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest earned	18,138	10,736
Interest expense and fees	(24,383)	(26,203)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(6,245)</u>	<u>(15,467)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(107,922)	(127,471)
CONTRIBUTED CAPITAL	2,508,846	4,924,166
NET ASSETS - JULY 1	<u>5,569,614</u>	<u>772,919</u>
NET ASSETS - JUNE 30	<u><u>\$ 7,970,538</u></u>	<u><u>\$ 5,569,614</u></u>

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE AND LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>
EXPENDITURES:		
Construction - roads, streets & storm sewers:		
Contracted services	\$ -	-
Total Construction - road, streets & storm sewers	<u>-</u>	<u>-</u>
Routine Maintenance - streets & storm sewers		
Labor	17,887	\$48,536
Benefits	7,750	16,474
Equipment rent	37,676	81,606
Materials	11,511	13,617
Contracted services	59,835	14,588
Miscellaneous	221	225
Total Routine Maintenance - streets & storm sewers	<u>134,880</u>	<u>175,046</u>
Trees & Shrubs:		
Labor	-	
Benefits	-	
Equipment rent	-	
Total Trees & Shrubs	<u>-</u>	<u>-</u>
Snow & Ice Control:		
Labor	3,042	
Benefits	1,655	
Equipment rent	7,424	
Total Snow & Ice Control	<u>12,121</u>	<u>-</u>
Sweeping & Flushing:		
Labor	1,760	-
Benefits	941	-
Equipment rent	7,850	-
Total Sweeping & Flushing	<u>10,551</u>	<u>-</u>

VILLAGE OF CARO
MAJOR STREET AND TRUNKLINE AND LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2007

	<u>MAJOR STREET & TRUNKLINE</u>	<u>LOCAL STREET</u>
EXPENDITURES, (Continued):		
Drainage, Signs & Signals:		
Labor	\$ 47	
Benefits	104	
Supplies		
Equipment rent	15	
Contracted Services	<u>400</u>	
Total Drainage, Signs & Signals	<u>566</u>	<u>-</u>
Administration:		
General fund administration	29,660	\$ 23,775
Contracted services	1,456	1,456
Insurance	<u>3,376</u>	<u>3,745</u>
Total Administration	<u>34,492</u>	<u>28,976</u>
TOTAL EXPENDITURES	<u><u>\$ 192,610</u></u>	<u><u>\$ 204,022</u></u>

VILLAGE OF CARO
PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUE OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE</u>	<u>UNFUNDED AAL (UAAL)</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A PERCENTAGE OF COVERED PAYROLL</u>
August 1, 2004	\$ 1,099,494	\$ 1,099,791	\$ (297)	99.97%	\$ 157,735	0.19%
August 1, 2005	985,355	969,236	16,119	101.66%	115,618	-13.94%
August 1, 2006	1,118,841	1,118,651	190	100.02%	123,914	-0.15%

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



October 31, 2007

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

To the Council of Village of Caro:

In planning and performing our audit of the financial statements of Village of Caro as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Village of Caro's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

After considering the qualifications of the accounting personnel of Village of Caro, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Village, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

This communication is intended solely for the information and use of management, Village of Caro, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants